

Nimmo, Joseph (1837-1909)

The Interstate Commerce Act...

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# THE INTERSTATE COMMERCE ACT,

THE

## COMMERCIAL INTERESTS OF BOSTON

AND OF

## THE NEW ENGLAND STATES,

AND THE

# CANADIAN QUESTION,

BY JOSEPH NIMMO, JR.

A STATEMENT ADDRESSED TO THE U. S. SENATE COMMITTEE ON  
RELATIONS WITH CANADA, IN REPLY TO INQUIRIES PROPOUNDED  
BY THE CHAIRMAN, SENATOR HOAR, OF MASSACHU-  
SETTS, AND BY SENATOR DOLPH, OF OREGON, AT  
A HEARING HELD AT THE CAPITOL,  
WASHINGTON, D. C.

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JULY, 1890.





*"Omnia superat Virtus."*



**Herbert Fairbairn Gardiner,**

**Hamilton, Ontario.**

WORCESTER, MASS., July 26, 1889.

HON. JOSEPH NIMMO,

*Huntington, Long Island, N. Y.*

MY DEAR SIR: The Committee on Relations with Canada is to proceed with its investigation in Boston about September 7. Would it be agreeable to you to prepare and give to that Committee your views on the general subject of the relations of the United States with Canada? They would be of great interest and value.

I am, faithfully yours,

GEO. F. HOAR.

To Senator Hoar's invitation Mr. Nimmo replied, under date of July 27, 1889, expressing his regrets that he would be unable to appear before the committee in Boston during the month of September. Various circumstances intervened to prevent the hearing until April 26, 1890, when it took place at the Capitol in Washington; Mr. Nimmo then read a carefully prepared paper upon the subject of "Our Canadian Relationships," which statement is embraced in pages 885 to 935 of the printed testimony of the committee. At the same time a number of inquiries were submitted to the witness with special reference to the effects of the Interstate Commerce law upon the commercial interests of Boston and the New England States, such inquiries involving the question of transportation through Canada. These inquiries, and Mr. Nimmo's statement in reply thereto, are embraced in the following pages.





*Select Committee of the United States Senate on Relations with  
Canada.*

Senator HOAR, of Massachusetts, Chairman.

Senator ALLISON, of Iowa.

Senator HALE, of Maine.

Senator DOLPH, of Oregon.

Senator PUGH, of Alabama.

Senator BUTLER, of South Carolina.

Senator VOORHEES, of Indiana.

*Inquiries submitted to Joseph Nimmo, Jr., at a hearing before the Senate Committee on Relations with Canada, held at the Capitol, Washington, D. C., April 26, 1890.*

The CHAIRMAN. We have certain cities that are disadvantageously situated with reference to other cities, in point of distance and position, but it is to the natural interest of transportation companies, if let alone, to serve those cities equally. A city with a large manufacturing interest or a large commerce is not necessarily to be compelled to perish and go to destruction because there may be another city a hundred miles nearer to the source of supplies or materials for the basis of commerce or manufactures. If that were true, all mankind, for commercial and manufacturing purposes (at least for purposes of any one particular kind of manufacturing), must gather at one spot. In countries where the natural laws of trade are supposed to prevail these things are adjusted. For instance, Boston is 150 miles farther from Chicago than is New York; but it is better for the railroads to take a portion of the merchandise from Chicago to Boston at the same rate that would be charged to New York, rather than to have Boston perish and have nothing in the world of commerce but New York. But our interstate commerce law here interposes and says: You stop that business; make the necessary diminution in your charges to New York as compared with Boston, or you incur a grievous penalty. The Canadian railroads are not affected, however, by our interstate commerce law; so they step in and say: We will transport your freight to Boston, which would otherwise not go there at all, at a rate that shall not be affected by the interstate commerce law. Boston says: In that way only can we live. Now, what have you to say to that? Are these cities, that have been established under other conditions and where wealth and people have gathered, to perish off the face of the earth because of this Procrustean rule of the interstate commerce law?

The WITNESS. I am heartily in favor of the eastern transit trade, which has brought to Boston such advantages. That fact I have clearly set forth, and at some length. The right of way across its territory accorded by each country to the traffic of the other is an invaluable right. It brings business to American railroads and American seaports. The matter of relative rates to and from American

seaports, which your question raises, is one of internal policy exclusively. Canada has nothing whatever to do with it. I have not alluded to that subject. I have confined my remarks to *attempts of the Canadian and British Governments* to divert commerce from American steamships, American seaports, and American transportation lines. We must put a stop to that sort of depredation. Take the line of steamers running from San Francisco to China, which gets \$14,000 a year for carrying the United States mails, and compare that with the British line, subsidized to the extent of \$300,000, and another provided for with \$500,000 to carry only one-twentieth part of the mails. They have also passed an act looking to the establishment of a line to Australia. They intend that this policy, which is being promoted by the British Government, shall utterly annihilate the American steamship interests.

The CHAIRMAN. That we had stated before us very thoroughly in San Francisco.

Senator DOLPH. To make my proposition a little plainer, here is St. Paul, with a railroad line running across the Sault Ste. Marie, connecting with the Canadian Pacific, and by that line through Montreal and the State of Maine to the Atlantic Ocean, where it connects with a subsidized line of steamers. We will suppose—and that is the case, I presume—that the shortest route is by that subsidized line of steamers to Liverpool, in connection with that system of Canadian railroads, and it certainly ought to be the cheapest line, because it is said the Canadian Pacific Railroad Company is largely subsidized by that Government. The line across the State of Maine receives an annual subsidy of \$186,000, and the steamship line receives an annual subsidy of \$500,000. Therefore that line ought to be the cheapest line for the transportation of the wheat products of the Northwest to Liverpool. The Liverpool price of wheat is governed by the supply of all the wheat-raising countries and by the demand of Europe for wheat. So that the price received by the producer is the Liverpool prices less the cost of transportation; in other words, the transportation charge is a tax upon the producer. Now the question is whether it would be good policy to stop this traffic (over the Canadian lines) of merchandise between Puget Sound, for instance, or even Portland (though there the problem is a little different from that at San Francisco) and foreign countries. I do not indicate any opinion I have on the subject, but I desire to draw you out, as you have given much study to the question.

The WITNESS. This is a very complex question, and has many sides, resulting from conflicting local interests. I maintain most strenuously

that it would be not only a national disgrace, but a serious national injury to allow a neighboring government to come in and by the force of subsidy divert American commerce from American steamers, American seaports, and American transportation lines ; and I believe the patriotism and sense of self-interest of nine-tenths of our people would lead them to oppose such a policy. The answer to your question is one which I think you can probably reach by discussion in this committee.

The CHAIRMAN. Mr. Dolph's question is simply as to what you have to say with reference to the justice and propriety of preventing our producers from availing themselves of this cheaper transportation merely because the British Government is willing to pay for it. Then my question is, going still further, what you have to say about the policy of adding to the prohibition by making it still more burdensome, in the way of keeping our transportation at home through the instrumentality of this interstate commerce policy which is going to wipe out some of our cities.

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In consequence of a "call of the Senate," the committee adjourned at this point and Mr. Nimmo subsequently replied to the foregoing inquiries in writing, as follows :

## ADDITIONAL TESTIMONY OF JOSEPH NIMMO, JR.

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The following further reply to the inquiries by the chairman and by Senator Dolph, at the previous oral hearing, was submitted by Mr. Nimmo, in writing, on the 15th of July, 1890:

### STATEMENT BY MR. NIMMO.

I was prevented from replying verbally to the variety of questions embodied in the foregoing inquiries propounded to me by the chairman and Senator Dolph, "a call of the Senate" having interrupted the hearing. Those inquiries have reference to some of the most important matters involved in the whole range of the commercial and transportation interests of the United States. They also have an important bearing upon the course of the future commercial development of this country. I am therefore glad to have an opportunity of replying in a more considerate and careful manner to the several inquiries than would have been possible in a colloquial way.

Evidently the questions thus submitted to me are not to be regarded necessarily as expressions of the opinion of the gentlemen who propounded them, for, as Senator Dolph remarked, they were submitted "not to indicate any opinion he might have on the subject, but to draw me out."

I have no hesitancy whatever in exposing to the committee my views upon these topics as fully as may be desired.

Going back to the first inquiry propounded by the chairman, I hesitate not to say that I am heartily in sympathy with what he says about the injustice done to Boston and the New England States by "this procrustean rule of the interstate-commerce law," reference being had especially to the "long and short haul rule" of the fourth section of that act. I am also entirely in accord with the evident views of the chairman touching what he regards as a natural and equitable distribution of the facilities of transportation and of commercial enterprise among the various cities and sections of the country. In my several reports on the internal commerce of the United States, published by the Government between the years 1875 and 1885, I labored to prove that the competition of commercial forces should be regarded as the dominant influence in the determination of all other transportation problems. I also attempted to show that the managers of all our transportation lines are compelled to yield obedience to the interaction of commercial forces, although such obedience may occasionally induce apparently abnormal results as to rates. But instead of trying to work our way out of difficulties by the leadings of experience, we attempted to apply a symptomatic treatment to evils the overruling cause of which we had refused to recognize. Denying the teachings of history touching the



development of beneficent commercial law, we plunged into an experiment based upon a *priori* reasoning and a supposed natural fitness of things. I believe that the sooner we fall back from this course to the beaten track of inductive reasoning the better it will be for us.

There is not to day a railroad commissioner on the face of the globe who can formulate a rule whereby the value of distance as an element of the cost of transportation can be determined under different circumstances and conditions, and yet we have what the chairman has properly characterized as "a procrustean rule," viz, the asserted "long and short haul rule" of the interstate-commerce law. Think of the impracticability of a general law rating transportation charges upon the single condition of distance, when it is a fact beyond question that the actual cost of transporting a particular commodity is in certain cases as much for 10 miles as in other cases for 1,000 miles. I have in mind an instance in which the charge for transporting a particular commodity by rail a distance of 83 miles, is the same as the rate for transporting the like commodity across the Atlantic Ocean, a distance of 3,500 miles. Where, then, is it possible to locate the philosophy of a hard and fast "long and short haul rule," under such variable economic conditions, to say nothing of enviroing commercial conditions. In the great majority of cases rates may be, and are, graded according to distance; but in other instances conditions more powerful than distance enter into the determination of rates—conditions which should properly govern the action of the law-maker and the rate-maker at once.

I have always regarded the fourth section of the interstate-commerce law as an unfortunate piece of legislation, for the reasons above stated, and for other reasons set forth at some length in a pamphlet which I published about three years ago, copies of which pamphlet will be distributed among the members of the committee.

I believe it is a fair criticism upon the work of the National Interstate Commerce Commission to say that its strongest decisions have been those based upon commercial and economic considerations, and that its weakest decisions have been those at which an attempt has been made at conformity to the "long and short haul rule." At the same time, it is undoubtedly true that, under just regulations based upon all the governing conditions, by far the larger portion of the railroad traffic of the country would fall within the limits imposed by the "long and short haul rule." The point here made is that that rule can not properly be adopted as a general rule.

The chairman asks me in terms, what I think of a "law which is going to wipe out some of our cities." I reply unhesitatingly, and without any sort of mental reservation, that I regard a law which wipes out a city as a bad law. If the interaction of commercial forces wipes out a city, men submit to the dispensation as to the inevitable. Those who have heart and enterprise try their fortunes elsewhere. No political disturbance arises. But if a city is wiped out as the result of statute law, there is abundant cause for complaint and for civil disturbance. It is the duty of government, within the limits of its function, to secure an equal chance to all men and to all cities and sections of the country. Governments must conserve, not destroy life, nor may they interfere with the ordinary course of mortality among men or among cities. Yes, a law which wipes out a city or interferes with the prosperity of a section of the country is a bad law—clear outside of law making, as Senator Evarts has remarked in regard to certain provisions of this very interstate-commerce law.

The attempt to set limits to the development of Boston and the New England States through the "long and short-haul rule," is simply an attempt to deny to that city and to that section of the country the benefit of some of the essential properties of railroad transportation, which are the common inheritance of mankind, viz, the fact that the railroad opens almost everywhere and to all parts of this vast country of ours the possibilities of a means of transportation more potential and pervading even than natural highways of commerce. Again, the railroad has, in a great degree, eliminated the value of distance as an element of the cost of transportation. The laws of the United States forbid that letters patent shall be issued to any man upon the discovery of a principle, and upon the same ground I deny the right of the Government to limit the development of any city or section, which has the intelligence and enterprise to achieve success through the possibilities of railway transportation in the intense struggles of commercial enterprise.

Before the days of railroads commercial cities had comparatively segregated trade areas, but now for each city "the field is the world." Any law, therefore, which conditions the growth of Boston, or denies to it its normal advantages in this great struggle, is a bad law; yes, an oppressive law, and I sincerely hope that the chairman of this committee will continue to protest against the absurd "long and short rule" and to illustrate its absurdity by the injustice which it does to Boston and to the New England States.

I would also invite your attention to the fact that there is another provision of the interstate-commerce law of this country which operates as a restraint upon the natural and wholesome conduct of our internal commerce. While that law recognizes agreements as to rates as just and necessary, and a fair maintenance of rates as essential to the orderly conduct of our interstate commerce, it denies to the railroad companies recourse to the only practicable expedient whereby such agreements can be made or maintained, *i. e.*, agreements as to the division or apportionment of competitive traffic. As I have recently expressed my views at some length upon this subject in a recently published document, I will refrain from any further remarks upon this subject, and hand to each member of the committee a copy of that document.

I hesitate not to declare that the two provisions of the interstate-commerce law, to which I have just referred, are manacles upon the freedom of the internal commerce of this great country.

And now I come to the consideration of the close practical question which the chairman, Senator Hoar, has submitted to me, and concerning which he has done me the honor to ask my opinion. That question is essentially as follows:

Our interstate-commerce law does Boston an injustice, but the Canadian railroads, which are unrestrained by our interstate-commerce act, come in and afford us relief. Now, what have you to say to our accepting such relief at the hands of the Canadian roads?

Under all the circumstances of the case, which in my opinion are not creditable to this country, I can see no valid reason for denying to Boston and the New England States the relief which now they enjoy from the facilities which the Canadian railroads afford them for commercial intercourse with the Western and Northwestern States of this country under the provisions of law and of treaty relative to what is commonly known as "The United States and Canadian transit trade;" but at the same time I contend that Boston and the New England



States can not, as parts of this great country, allow the case to rest here. No permanent adjustment of the great subject of the relative commercial rights of cities, States, and transportation lines can be reached so long as any unjust discrimination is practiced either under or by virtue of any infirmity of our own laws. In this general view of the equities involved in the case I would therefore remark: First, that it appears to me injustice is being done to the American lines east of the Mississippi River which compete for Boston and New England business, and especially to the New England railroads, one of which was in part constructed at great cost to the State of Massachusetts. The precise character of this injustice consists in the fact that the American railroads are under the constraint of keeping up their through rates in order to avoid falling under the ban of failure to conform to the requirements of the "long and short haul rule" of the interstate-commerce law.

The second view of the equities involved in the case, which I would bring to the attention of Boston and the New England States, is the fact that the partial escape from the effects of the "long and short haul rule" enjoyed by that city and section of the country by means of the Canadian roads, may, with some degree of propriety, be regarded by other cities and sections as in the nature of an unjust discrimination against their interests.

Undoubtedly a perfectly just and equitable treatment of Boston and the New England States under our own laws would afford to that city and section a much larger and more satisfactory relief than can be derived from the important advantages afforded by the Canadian railroads.

The case of Boston and the New England States, just considered, constitutes, however, but a small part; a single phase of the much larger and far more comprehensive international question, which, under the order of the Senate of the United States, commands the attention of this Senate Committee on Canadian Relations. That question, as I understand it, is as follows:

What are the essential features of our Canadian relationship; what are the evils which affect these relationships, and in what manner is it advisable to seek the correction of those evils.

A proper understanding of the merits of the specific case to which the chairman has thus invited my attention can only be reached by a careful consideration of some of the salient features of this larger and somewhat complex international question, the proper solution of which is fraught with considerations of great import touching the course of the future development of this country.

I most strenuously maintain that we shall fall into very serious error if, in dealing with this question of Canadian railway competition, we shall commit ourselves to any line of action which does not carefully discriminate between the eastern transit trade and the attempt which the Dominion Government is making through its *alter ego*, the Canadian Pacific Railway, to divert American commerce from American ships, American seaports, and American transportation lines.

First. The eastern "transit trade" is simply a right of way by one country across interjecting territory of the other. On the western side of the continent there is no such interjecting territory and no such need of right of way.

Second. The eastern transit trade brings commerce to American seaports and traffic to American railroads, but the Canadian Pacific Railway draws commerce from American seaports and traffic from American ships and American railroads on both sides of the continent.



Third. On the eastern side of the continent Canada enjoys the very important privilege of engaging in foreign commerce across American territory and through American sea-ports during the six or seven months of the year when navigation is closed on the St. Lawrence River, and our Western and Northwestern States enjoy the reciprocal advantage of importing and exporting goods via Montreal during the season of navigation, but no such reciprocal needs or privileges exist on the western side of the continent.

Fourth. The Canadian railroads engaged in the eastern transit trade, and notably the Grand Trunk and the Canadian Southern, now a part of the New York Central system, are the outgrowth of commercial enterprise, whereas the Canadian Pacific Railway is simply the creation of the Dominion Government for political and politico-commercial purposes essentially inimical to the commercial and political interests of this country. The whole tendency of the Canadian Pacific Railway is toward the diversion of American commerce. And how is this being accomplished? I answer, by the sheer force of Canadian and British subsidy. The Dominion Government granted the Canadian Pacific a subvention of \$210,000,000 in aid of its construction; it subsidizes the line which crosses the forest region of the State of Maine to the amount of \$186,000 a year, and the British and Canadian Governments together grant postal and admiralty, *i. e.*, war subsidies, to British steamer lines on the Atlantic and on the Pacific Oceans to the amount of about \$1,300,000 a year; so that, estimating the construction subsidy of the Canadian Pacific at 5 per cent., the Dominion and British Governments are now, or soon will be, paying about \$12,000,000 a year for the maintenance of a line the principal business of which is the diversion of American commerce from American ships, American sea-ports, and American transportation lines.

There has been no concealment of the objects aimed at on the part of the leaders of this gigantic British-Canadian enterprise. Sir John A. Macdonald, premier of Canada, has publicly declared that the Canadian Pacific Railway was built for the purpose of checking any Canadian tendency toward annexation to the United States, and that, in connection with heavily-subsidized steamer lines, adapted to naval warfare, it serves the purpose of promoting the cause of British Imperial confederation, and of securing the commercial supremacy of the British flag upon the seas. All this is clearly understood from one end of the Dominion of Canada to the other.

I need not take a moment of time to convince this committee that all this is inimical to the commercial and political interests of the United States, nor that it is a matter which demands such earnest attention by Congress as shall result in the adoption of measures protective of American interests.

Referring particularly to this gigantic scheme for diverting a considerable portion of the internal and foreign commerce of the United States from American sea-ports, American steam-ships, and American railroads, the chairman and Senator Dolph, without any expression of opinion of their own, have asked me "what I have to say with reference to the justice and propriety of preventing our producers from availing themselves of this cheaper transportation merely because the British Government is willing to pay for it." In reply, I would say that I oppose it because it is manifestly an assault upon American commerce by the Canadian and British Governments. All there is of patriotic impulse in my nature leads me to oppose it for the same reason that our forefathers by force of arms opposed British encroachment

upon American commercial interests in 1776, in 1812, and by retaliatory measures expressive of the honor and the interest of this country from 1815 until 1830.

The question which now confronts us is simply this: Shall we, or shall we not, quietly submit to the diversion of a very large and valuable part of our internal and foreign commerce, by a British-Canadian commercial line extending from China to Liverpool, across this continent, and sustained by governmental subvention to the amount of \$12,000,000 a year? My faith in the pride and patriotism of the American people admits no doubt as to what the verdict of the national Congress upon this point must ultimately be.

Since the achievement of independence, the protection of American commercial and industrial interests against foreign encroachment has presented itself to the minds of the American people under two radically different aspects:

First. The protection of American commerce and industry against the competition of foreign commerce and industry.

Second. The protection of American commercial and industrial interests against the encroachment of acts and policies adopted by foreign governments. The battle of protection *versus* free trade has been fought over the first of these questions. While for the protection of American interests against the acts and policies of foreign governments our people have at all times stood together at the hustings, at the forum of legislation, upon the battle-field, and upon the bloody deck. From 1789 until 1830 it was this latter sort of protection which chiefly engaged the thought and effort of this country, and by persistent courage the commercial independence of this country was at last achieved. But not even the famous "colonial controversy" more strongly appealed to the patriotic ardor or to the pride and interest of this country than do the acts and the policy now being pursued by the Dominion and British Governments along our northern border and upon the ocean for the diversion of our commerce, and for holding American shipping interests in a state of decadence more depressing than ever before since the formation of our Government. This is my answer to your question from purely political considerations and views of national policy upon which protectionists and free traders have stood together since the formation of the Government, and upon which they may well stand together to-day.

But your question "Why should not our producers avail themselves of this cheaper transportation provided by the Dominion and British Governments?" admits of an answer to the binding force of which the Republican party of this country in an especial manner stands pledged. In my view, the doctrine of protection is not selective and partial, but all-embracing and impartial. It moves for the securing of American rates of wages to American laborers and American rates of profit upon American capital in every branch of American industry. The American railroad can not be denied this boon any more than the American forge or foundry. I hold that it would be unpatriotic and unjust to import into the consideration of our foreign relations any question as between producers and transporters which should be settled within our own borders, especially into a matter involving at once the commercial prosperity and the honor and dignity of this great nation as against foreign competition, but much more as against foreign governmental aggression. I stand for the protection of every American interest which needs protection in our own markets, or in the conduct of our own commerce. I am a protectionist from the Alpha to the Omega of American inter-



ests, and I count nothing worthy of the name of protection which does not stand "Four square to all the winds that blow."

The concession in favor of Canadian railroads engaged in the transit trade on the eastern side of the continent does not in the slightest degree clash with the views which I have just expressed in regard to the duty of protecting American commercial and transportation interests against the gigantic Canadian and British scheme embracing a railroad across the American continent, built by Canadian subsidy, with connecting subsidized British steamer lines across the Atlantic and Pacific Oceans for grasping American commerce; for, as before remarked, the eastern transit trade is simply a right of way granted by each country across interjecting territory of the other. This eastern transit trade rests upon the fact that it is as much a Canadian concession to American transportation interests as it is an American concession to Canadian transportation interests. It has no necessary connection even with the trade between the two countries, because it could exist without any impairment whatever under absolute free trade between the two countries, and also under an absolute embargo of commerce between them. It is also certain that Article XXIX of the Treaty of Washington by which this particular right of transit was secured would never have been signed by any sane American Commissioner if it had been supposed that it was to cover the outrageous aggressions upon American commerce now being committed by the Canadian Pacific Railway, the *alter ego* of the Dominion Government and the subsidized British steamer lines connecting with that railway on the Atlantic and Pacific Oceans.

And now, casting my eye over the inquiries submitted to me, in order to see that I have not omitted notice of any of the special topics to which you have invited my attention, I notice an expression employed by Senator Dolph. It is an oft-repeated phrase—"the transportation charge is a tax upon the producer." In all my writings upon this subject I have carefully avoided that expression, because I believe it to be illogical and misleading. There is nothing in the nature of a tax about a transportation charge. The essential characteristic of a tax is that it is a compulsory tribute exacted by the sovereign power for the replenishment of the public treasury. A transportation charge, on the other hand, is a part of a contract, and in no sense in the nature of tribute paid by a subject to a sovereign. The very fact that under our laws the Government can step in and dictate the terms of such contracts, and that such dictation, in practice, is generally exercised in favor of the shipper still farther exposes the misnomer of calling a transportation charge a "tax." I say this much from the conviction that when, as in the present instance, we are all, as I trust, diligent searchers after the proper solution of complex and involved issues, we ought to be very careful not to mislead ourselves by any inapt form of expression, however popular it may be. I feel all the more free to make this criticism from the fact that in almost the same breath Senator Dolph declared that his inquiry was not intended to indicate any opinion he might have on the subject, but merely to draw me out.

In order not to be misunderstood I desire to say that I am in favor of just regulation of the railroads, based upon the teachings of experience; in other words I believe in building up a "common law" of transportation upon the basis of the conditions which now govern the operations

of the common carrier, and not upon the basis of the conditions which governed the operations of the common carrier on free highways of commerce before the railroad was invented.

Thus far I have invited your attention to special topics expressed or involved in the inquiries submitted to me by the Chairman and Senator Dolph. But in order that the real bearing and importance of these topics may be seen, it is necessary to advert once more to the general subject of investigation to which the attention of this committee has been directed by the Senate:

*What are the essential features of our Canadian relationships; what are the evils which affect those relationships, and in what manner is it advisable to seek the correction of those evils?*

Let us cast our eye along the international boundary line from the Banks of Newfoundland to Vancouver Island. What do we behold? Why, a series of encroachments and aggressions on the part of the Canadian Government upon American interests which present the unmistakable ear-marks of the fact that the Dominion Government is a shrewdly commercial and deftly strategic institution, plying its vocation upon the great, unsuspecting, and ingenuously political Government of the United States.

Briefly let us recapitulate some of the more pronounced of these acts of aggression.

(1) The entire course of the Canadian Government in relation to the North Atlantic fisheries is in violation of treaty stipulations; in violation of the comity of nations; in violation of the reciprocal obligations of the transit trade; the very reverse of our treatment of Canadian vessels, and in the face of the dictates of humanity. The late Secretary Manning, of the Treasury Department, in an official report to Congress, characterized the Canadian refusal to allow American fishing vessels to seek shelter from storms in Canadian harbors, and to lie in such harbors when in distress, as "acts of barbarism fit only for savages"—"as contemptible and odious as for a Government conducting a naval war to fire, in these days, on a hospital-ship attested by her color and flag, and filled exclusively with the sick, wounded, or dying, their surgeons and nurses." Secretary Manning justified this strong language by citing the case of a certain American vessel which had then recently rescued an imperiled Canadian crew at sea, and on bringing these shipwrecked sailors safely into a Canadian harbor had been denied the privilege of purchasing food and water, of which her crew were sadly in need, but was rudely hustled out of port by Canadian officials. And he also stated in a formal reply to an inquiry of the House of Representatives, that "while this Department protects Canadian fishermen in the use of American ports, the Dominion of Canada brutally excludes American fishermen from Canadian ports."

(2) The Dominion Government, in open violation of article 27 of the treaty of Washington, makes a discrimination of 18 cents a ton in her canal tolls in favor of Montreal and against American ports. This fact was clearly pointed out by Hon. Nelson Dingley, Jr., in the House of Representatives January 8, 1888.

(3) In open violation of reciprocal legislative arrangement the Dominion Government imposes a discriminating entrance fee of 50 cents and a clearance fee of 50 cents upon American vessels.

(4) The Dominion Government has for years stubbornly resisted the request of the United States Government to allow the wrecking vessels of this country to go to the relief of American vessels and their imperiled crews in Canadian waters.



(5) After contracts had been made for the delivery of trees, plants, and other American nursery stock in Canada during the present season, the Dominion Government, by order in council, raised the duty on such commodities, and has also sought, by means of an excessive and vexatious charge, to prevent American commercial agents from pursuing their avocation in Canada, while Canadian commercial agents enjoy complete liberty in the much more valuable markets of the United States.

(6) Upon the completion of the Canadian Pacific Railway to Winnipeg in 1886, the Dominion Government attempted to deny to American railroads the privileges of her transit trade, and was deterred from such action only by the fear of losing their much more valuable right to engage in the United States domestic transit trade.

(7) In their recent third annual report, the United States Interstate Commerce Commission has set forth the fact that the Dominion Government by statutory enactment not only enables but incites Canadian railroads to unjust discrimination against the ports of the United States and the railroads of the United States. This is a source of embarrassment in the administration of our interstate-commerce law.

(8) In only two or three instances have American railroad corporations been able to secure a foot-hold on Canadian soil, while the general railroad construction laws of the States of this country have provided an open door for Canadian railroad construction and acquisition in the United States. This, and the unwise restraints upon American railroads imposed by our own laws, of course tend to handicap the railroads of the United States which compete with the eastern transit trade routes, and convert a traffic which, by the laws of nature, has the characteristics of a true reciprocity into a somewhat one-sided affair.

(9) The Dominion Government is essentially a transportation enterprise, actuated not by legitimate principles of competition, but by fierce political exigencies. That Government owns and manages a canal system which cost over \$52,000,000 and a railroad system which cost about \$48,000,000. Besides, as already stated, it has aided the Canadian Pacific Railway Company to the amount of \$210,000,000.

(10) At the present time the Dominion Government and the British Government are conspiring, by the sheer force of subsidy, to divert an important part of the domestic and foreign commerce of the United States from American sea-ports, American ships, and American transportation lines. The Canadian Pacific subvention of \$210,000,000 amounts, at 5 per cent., to an annual subsidy of \$10,500,000; the British steamer line across the Pacific Ocean is to receive an annual subsidy of about \$500,000 a year for an Asiatic postal service one-twentieth in magnitude that of the United States with Asia, and for which American steamers receive only about \$14,000 a year. As before shown, this total subvention, including the subsidy of \$186,000 a year to the portion of the Canadian Pacific Railway which traverses the forest region of the State of Maine, and the Canadian and British Governmental subsidy of \$500,000 a year to the British steamer line from Halifax to Liverpool, together with admiralty subsidies, will amount to about \$12,000,000 a year. Sir John A. MacDonald has boastfully asserted that the great political railroad of Canada was built in order to grasp the commerce of the seas, in the interest of a confederated British Empire.

(11) This combined subsidized British-Canadian line across the American continent is marked by military characteristics offensive toward the United States, viz: The fact that the steamers of the Atlantic and

Pacific lines are to be so constructed as to be available as armed cruisers in time of war, and the fact that the Canadian and British Governments have constructed on the island of Vancouver a formidable fortress, which stands within sight of our shores as a menace to the United States. An officer of the Royal Engineers has just made an inspection of the Canadian Pacific Railway, and will report to the British Government upon the strategic importance of that road as a military highway to the Indies. At the present hour the British Government is making an offensive display of her military power at Vancouver, with the apparent object of terrorizing the Government of the United States in the matter of American rights in the Behring Sea, the only possible outcome of which, if the contention of Great Britain were allowed, would be the extermination of the most valuable fur-bearing animal on the face of the globe.

(12) To cap the climax of Canadian aggression and audacity, the Dominion Government imposes a discriminating duty on tea and coffee when imported from the United States, and she places all coins on her free list *except United States silver coin*. The Secretary of the Treasury has recently suggested to Congress the propriety of laying a countervailing discriminating duty on tea when imported from Canada. Tea, coffee, and Canadian silver are now admitted into the United States free of duty.

Search through the wide world and you will find no other instance of encroachment by one country upon a neighboring country at all comparable to the line of aggressions which characterizes the deportment of Canada toward the United States, from the Banks of Newfoundland to Vancouver Island. It seems to be an instinctive trait of the British mind to lay deep schemes for securing commercial advantage, and this trait in a high degree characterizes the Canadian people.

The commercial bodies of the Pacific coast have petitioned Congress to protect their trade and transportation interests against Canadian and British aggressions, and Senator Hale, of Maine, has introduced a bill to protect Portland and Boston against the diversion which appears imminent from the highly subsidized Canadian Pacific Railway which traverses the forest region of that State.

There are certain causes of a political nature which in a high degree tend to incite and stimulate Canadian aggression upon American interests. These are:

First. The fact that the Dominion Government is absolutely independent of the British Government in all matters of internal and foreign policy. In a word, Canada simply uses the British flag as a screen behind which she plays high handed tricks upon the United States. A conception of this fact led Mr. Bayard, late Secretary of State, to declare to Sir Charles Tupper that he was tired of "this wordy triangular duel," and to ask for "more direct and responsible methods" in the conduct of diplomatic business with Canada.

Second. The Dominion Government is essentially a political party government, the leader of the party in power being at once chief of the executive branch and boss of the legislative branch of the Government; in a word, a partisan autocrat.

Third. The United States Government, in the management of our foreign commerce, is confined to the single expedient of import duties, while the Dominion Government lays duties on both imports and exports, and besides has recourse to the facile expedient of orders-in-

council, which give expression to every political caprice and afford a wide scope of discretion in the work of taking advantage of the United States.

The dream of annexing Canada to the United States, which, since the year 1775 has floated in the minds of discreet and indiscreet people in this country, will never be realized so long as American statesmen allow the Dominion of Canada, with the British Government behind it, to trample upon the rights of the United States and to encroach upon its commerce. That to my mind is axiomatic.

When we review the long list of Canadian aggressions upon American interests from the banks of Newfoundland to Vancouver Island, and when we consider how long such aggression has been going on, and that it has finally attained to the character of a clearly defined policy of encroachment upon American interests, the wonder is that Congress did not many years ago constitute committees in both its branches upon the subject of our Canadian relations, with the power to spend each recess of Congress in the work of investigating and reporting upon Canadian encroachment.

It appears to me that out of this great debate the emergent question of national duty which arises to the view of this committee and of the whole country, is that of setting an effectual barrier to the desperate efforts now being made by the Canadian and British Governments to divert commerce from American transportation lines and from American cities, and by the sheer force of subvention to interfere with the proper course of our national development. Any line of policy which fails to secure the commercial supremacy of the United States on the North American continent will fail to meet the just aspirations of this "proud expectant nation."

And now I will draw to a close this somewhat extended expression of my views with the following suggestions as to certain specific measures which in my opinion ought to be adopted in responding to the encroachments upon American interests hereinbefore enumerated:

First. Lay a discriminating duty of 3 cents a pound upon fresh fish and upon fish on ice imported from Canada and from Newfoundland so long as the Governments of those colonies deny commercial rights and humane treatment to American fishermen. I believe that this would prove to be an adequate remedy for all of our fishery troubles.

Second. Adopt proper retaliatory measures against Canada on account of her discrimination against American vessels in the matter of Canadian canal tolls, and also on account of her discrimination against American vessels in the matter of entrance and clearance fees.

Third. The enormous scheme for diverting American commerce, embracing the Canadian Pacific Railway, and its connecting steamer lines, aided by Canadian and British subvention to the amount of nearly \$12,000,000 a year, the Canadian statute inciting and aiding the Canadian Pacific Railway in its assault upon American transportation interests, and the Canadian discriminating duties upon tea and coffee imported from the United States, and upon American silver coin, may be considered as forming one group of discriminations.

A careful examination of the provisions of Senate bills 3738 and 3739, providing bounties for American vessels, and postal subsidies to American steam-vessels engaged in foreign commerce, convinces me that neither of these bills, should they become laws, would be effectual in stemming the tide against the enormous subventions paid by the Canadian and British Governments. I recommend, therefore, that in addi-



tion to the provisions of Senate bills 3738 and 3739, we shall have recourse to the effective and most proper expedient of discriminating duties on imports from Asia, via British Columbia, as follows :

On tea, 12 cents per pound.

On silk, raw, or as reeled from the cocoon, 25 cents per pound

On all other articles, the product of the countries of Asia, 50 per centum ad valorem.

Second. I recommend that adequate duties be laid upon all domestic products transported from one point in the United States to another portion in the United States over that portion of the Canadian Pacific Railway which is located west of Lake Superior.

In justification of these proposed measures I would simply add that the Canadian and British Governments have adopted expedients of the most drastic character for securing the diversion of the commerce of the United States, and that it therefore becomes the stern duty of our National Government to adopt drastic measures of protection against such acts of aggression.

JOSEPH NIMMO, JR.









